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SUBJECT: OECD Pans Austria's Development Aid, to Little Effect

REF: VIENNA 537

¶1. (SBU) In late May, the OECD's Development Assistance Committee (DAC) issued a report criticizing the GOA for unorthodox debt relief accounting methods which bolster its official development aid (ODA) figures. Debt relief has made up 40-50% of Austria's ODA since 2005, a far higher proportion than in any other DAC member, and Austria has accounted for that relief in ways that make its ODA data incomparable to other donors. The report urges the GOA to increase development funding, improve staffing, and provide more predictable and cohesive program management (but does commend recent structural reforms). NOTE: The full report at www.oecd.org/dataoecd/3/39/42857127.pdf

¶2. (SBU) While Austria's small Green Party seized the occasion to brand the GoA the "biggest cheater among the 27 EU Member States" for the accounting of ODA funds, the Austrian government itself had a quite tepid response. There was no minister-level reaction. Instead, the MFA's head of Department for Development Assistance Irene Freudenschuss-Reichl and Austrian Development Agency head Brigitte Oepfinger-Walchshofer released a brief statement merely emphasizing the need "to raise or at least maintain" the ODA levels during the current economic crisis (while ignoring the DAC's points of criticism).

¶3. (U) The low-key, nonchalant GoA response illustrates DAC's point that Austria needs stronger public engagement to meet its international commitment of 0.7%/GNI in ODA from a 2008 level of 0.42%/GNI and an expected steep fall in 2009 (Reftel). The report notes that political support for aid "is not deep-rooted" in Austria and recommends that the MFA, Austrian Development Agency, and other stakeholders actively promote public debate about development aid.

¶4. (SBU) COMMENT: Domestic pressure to reverse the decline in Austria's development aid is not on the horizon: Austrians already see themselves as generous donors of humanitarian and development aid, perhaps due to the GOA's misleading ODA figures but more importantly because of high-profile private charity initiatives (generosity which Austrians wrongly assume extends to their government). To the contrary: the economic downturn has bolstered insular tendencies in Austria, as evidenced by growing provincialism in electoral politics, foreign affairs/national security budget cuts, and support for right-wing, anti-internationalist rhetoric.
END COMMENT.

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